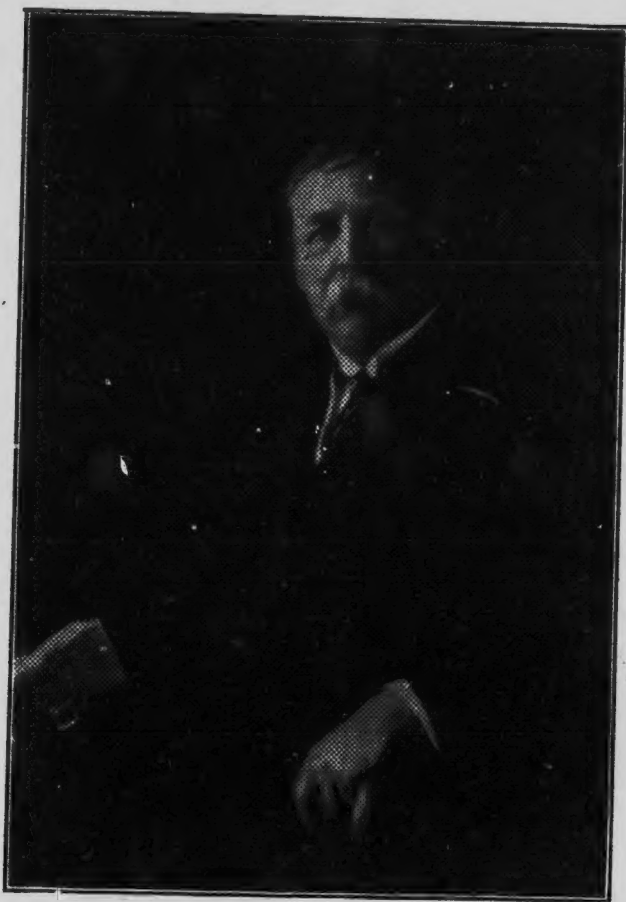


9/12

ABSTRACT
OF THE
BUDGET SPEECH
BY



HON. PRICE ELLISON
MINISTER OF FINANCE

In the Legislative Assembly, February 23rd, 1912, containing the
ANNUAL FINANCIAL STATEMENT of the **PROVINCE**
and a Comprehensive Review of the Progress and Conditions of
BRITISH COLUMBIA

1912

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Abstract of the Budget Speech

The Hon. Price Ellison said in part:

"At no time in our history has it been the good fortune of any Finance Minister to be able to present a happier record for the year that is past, or to express more solid confidence in the future of this Province than I am able to do today.

"I am of opinion that this Province is at the threshold of a progress and prosperity unrivalled perhaps in any quarter of the globe.

"The reason for the faith that is in me is this. The developed wealth from the natural resources of this largest Province of the Dominion forms a mere fraction of her ascertained, but undeveloped, potentialities.

BOUND TO CAUTION

"Sir, there are other reasons why a Minister of Finance is bound to caution. It is his duty, first, to remember himself, and then to remind the House, that along with advancing revenue there lies before us for many years to come the need for a continually increasing expenditure, to keep pace with the enormous developments on every side, which are called for with no uncertain voice by the people of this Province.

"I repeat 'with no uncertain voice,' for everywhere, sir, on our recent tour through the Province the Commissioners on Taxation were met by the popular demand for quick development.

"Let me quote but one extract from our report: 'In reply to a question, not infrequently asked of witnesses by the Commissioners, whether they would prefer a higher scale of taxation and quicker development, or a lower scale of taxation and a slower development, the answer was invariably returned in favour of the former alternative.'

"But the Commissioners, sir, have in their report recorded their belief that both advantages can be secured—that quick development can be combined with the reduction of some taxes and the abolition of others.

ESTIMATES OF 1910-1911

"And now, Mr. Speaker, in accordance with former practice, let me draw your attention to the estimates of the year ending March 31, 1911, and compare them with the public accounts for the same financial year, laid before the House at the beginning of this session.

"It will be seen that the revenue actually obtained was greater than the estimated receipts by \$3,492,865.

"An analysis of the figures would prove to the House that the surpluses present a picture of the rapid growth and prosperity of the Province. I will mention rapidly the principal items which show a surplus revenue over estimates:—

	Surpluses.
Land sales	\$931,231
Land revenue	\$171,586
Timber leases, royalties and licenses	\$214,809
Probate fees and succession duties	\$150,459
Registry fees	\$363,082
Revenue tax	\$ 88,338
Real property tax	\$ 52,372
Land taxes, including wild land, timber and coal land ..	\$ 81,130
Income tax	\$ 42,924
Royalty and tax on coal	\$ 98,332
Printing Office	\$ 67,776
Chinese Restriction Act	\$866,000
Interest	\$ 98,772
Fishery and cannery licenses	\$ 57,657
Miscellaneous	\$ 42,751

EXTRAORDINARY PROGRESS

"Omitting the item of land sales, the increase in the revenue tax marks the growth of the population, the heavy surplus in registry fees tells the tale of further capital coming into the country to seek investment, while the growth in timber licenses, in royalties and taxes on coal and in fishery and cannery licenses presents a picture of the rapid exploitation of the country and of the growth in industrial enterprises.

"And it is reasonable to hope, from the statistics which are already within my knowledge, that when the time comes next session to compare the estimates for the year ending March 31, 1912, with the public accounts for the same period which will be put into your hands, Mr. Speaker, in January next, the same flattering tale of substantial and ever increasing progress and of actual receipts over estimates will be told again with greater emphasis than even I am able to declare today.

"The principal expenditures in excess of estimates were as follows:

Civil service	\$ 44,534
Public works	\$367,753
Miscellaneous	\$212,143

"The nature of these point to one general cause, namely, the speed at which the growth, and, therefore, the needs, of the Province are increasing, so that even the most far-sighted financier finds it an impossibility to forecast at the beginning of any given financial year what he may be called upon to spend nine months, six months, or even three months, after he has rendered his estimates.

PROVINCIAL DEBT

"On March 31, 1911, the bonded debt of the Province stood as follows:

4½% Debenture Stock Loan Act, 1887	\$ 381,210
3% Inscribed Stock Loan Acts, 1891-3-5-9 and 1902 ...	9,921,936
3½% Dyking Debentures Acts, 1897-89	475,000
3% Treasury Debentures Loan Act, 1903	12,000

19,790,146

Deduct accumulated sinking fund

2,018,581

8,771,565

Railway Guarantee Bonds (Nakusp and Slocan Railway Aid Act, 1894)

647,072

\$ 9,418,637

"But, taking the available asset of \$8,526,647 surplus cash then in the bank, and other outstanding assets, such as mortgages on the Shuswap and Okanagan and the Nakusp and Slocan Railways, loans to creamery associations, and other minor loans detailed in the balance sheet, the balance of assets over liabilities is shown to be \$1,497,694, as against a balance of liabilities over assets amounting to \$801,644 on March 31, 1910, and against a balance of liabilities over assets amounting to \$3,294,577 on March 31, 1909.

"Thus, Mr. Speaker, in two years, not only has the balance in the public accounts lately put into your hands swung round for the first time since Confederation from the debit to the credit side, but the change represents a total accumulation of savings to the extent of \$4,792,271 in two years. These happy figures are eloquent enough to speak by themselves without any commentary from me.

PROVINCIAL STOCKS

"It might, however, be well to show how the credit of British Columbia stands in the eyes of the world at large by showing the quotation of our 3 per cent. stock in comparison with the securities of other provinces and of other parts of the Empire.

"On January 11, 1912, the respective stocks stood as follows:—

British Columbia, 3 per cent	86½
Quebec, 3 per cent.	83
Ontario, 3½ per cent. (i. e., 80¼ @ 3 per cent.)	93½
Nova Scotia, 3 per cent	79
Manitoba, 4 per cent. (i. e., 75¼ @ 3 per cent.)	101
Newfoundland, 4 per cent. (i. e., 73¼ @ 3 per cent.)	97½

BETTER TERMS

"It is impossible to find a more eloquent testimony to the justice of the claims put forward by this Province for better terms than by glancing at the estimated expenditure on public works for 1912-13, to which I am about to draw your attention. For a large proportion of that expenditure the physical features of this vast Province are to a large degree accountable. Nature has been prodigal in bestowing the bounties of her wealth upon us. No region in the world probably, as I have already pointed out, can rival our Province in the stupendous potentialities of her natural resources. But nature has also ordained that if that wealth is to be gleaned, conquest is only possible by fighting at great cost the barriers she has set up. These barriers are great mountain ranges and mighty rivers. Precipices have to be skirted or penetrated, roads have to be cut out of the sheer rock, or fortified over morasses; bridges have to be built to span swollen rivers; causeways have been flung across canyons. This is especially true of the great North country which is in the process of being opened out.

"Now, Mr. Speaker, I contend that the Dominion Government has never sufficiently understood either our needs or our greatness. While recognizing our claim for special treatment, it has recommended a paltry subsidy of \$100,000 for ten years as a help towards smoothing down that 'sea of mountains,' which an eminent statesman some time ago informed us was the chief feature of British Columbia.

"But these two facts, sir—first, that by far the greater part of the immense wealth of the Province still lies before us for development; secondly, that the people demand, and, in my judgment, rightly demand, that that development should be as speedy as possible—make the task of a Finance Minister more difficult than in an older state, where the natural resources have been exploited—at any rate, long ago known—and where the country is opened out and settled.

"There a Minister can calculate to a nicety what his revenue and what his expenditure will be in any given year.

7

"Here the difference between estimated revenue and actual revenue, between estimated expenditure and actual expenditure must, in the nature of things, always show a wider gap than in an older state.

16 MILLION ACRES

"Why, sir, we had to give away 16 million acres of land and all the timber contained therein, in order to secure the building of the Canadian Pacific and the Esquimalt and Nanaimo Railways.

"The Dominion pays nothing for schools, nothing for roads, bridges, nothing for police in these regions. It all falls on the shoulders of the Province.

"I remember, sir, how, speaking as a private member of this House, I urged on the Government the necessity of this great territory being handed back to the Province. Surely, if Manitoba and Ontario have demanded better terms as well as the extension of their boundaries, it is a reasonable request on our part that the Dominion Government should give us back what once belonged to us, and we should support our Premier by every means in our power when he points out to the Dominion Government the insufficiency of this wretched dole of \$100,000 and when he insists on the adjustment of our relations with the Dominion Government on conditions more lasting and more in accordance with common justice and with the necessities of this, the greatest, Province of Canada.

COAST PORTS

"Sir, I believe that it will come to pass that the ports of Vancouver and Victoria, and the other harbours that lie along the Pacific Coast, linked, as they will be, with both sides of the world by the gigantic enterprise at Panama, will form the great midway markets between the Orient and Occident, attracting the commercial enterprise, and perhaps the political cupidity of Japan and China no less than the markets and the colonizing ambitions of European powers. I ventured, indeed, to prophesy, sir, last year at the Canadian Club in London that Vancouver was destined to become the largest city in the Dominion.

"I contend that it is absolutely essential to the commercial interests, as well as to the national existence of Canada, that the Government at Ottawa should never forget that those of her provinces which fringe the Pacific should be accorded every inducement for self-development, no less than every opportunity for self-defence, and, more than all, that every facility should be put into the hands of the Government of this Province towards the linking up in every direction of those bands of unifying steel, which, in these days of

rapid and ever-shifting movement, do more than ought else to rivet and consolidate the sundered parts of our scattered and world-wide Empire. Members of this House have lately been made aware, from the returns laid on the table by the Premier as to the negotiations with the Dominion Government, that a commission on Better Terms is to be appointed. It is our hope that the claims of the Province will be as fully recognized by the commissioners, as they are admittedly just in principle.

ESTIMATED REVENUES

"It will be observed that the estimated revenue shows little change in the nature of the sources from which it springs.

The Government has not found it possible, owing to the pressure of other business, to bring forward legislation this session bearing on the changes in the incidence of taxation recommended by the Royal Commission, which has recently issued its report, and, therefore—at any rate, for the financial year—the revenue tax and the personal property tax remain in force, and there is no serious difference in the amount allowed for income tax.

"As a member of that Commission, it would not become me to say more than that the Premier has announced the intention of the Government to adopt its recommendations in principle, if not in all its details.

"I now proceed to the analysis of the figures set before you.

"It will be seen that there is an increase under the head 'Dominion of Canada Subsidy' of \$24,629 over the estimate of 1911-12, the figures of the former year having been based on a conservative conjecture that the population of the Province would be returned as in the neighbourhood of 350,000, whereas the census lately published give the actual numbers as over 380,000.

LAND SALES

"The estimate for land sales remains the same, but that for land revenue is doubled, being estimated at \$400,000 instead of \$200,000, the coal prospecting licenses being principally accountable for this increase. The figure is justified by the public accounts of 1910-11, where it will be found that the actual returns under this head are more than \$321,000.

"Timber royalties have been calculated at \$500,000, being an increase in the estimates of \$200,000, due to a slight increase of fees and the expansion of trade.

"The amount of timber licenses remain the same, \$1,800,000. These two figures taken together are also justified by the amounts

exhibited in the public accounts for 1910-11, where the return for actual receipts for timber licenses and royalties is shown as \$2,357,000.

"Free miners' certificates have risen from \$50,000 to \$75,000; general mining receipts from \$90,000 to \$110,000.

"These figures, I may say in passing, are framed on a conservative estimate, for information reaches me that the mining outlook is far better all round than it was at this time last year. The expansion of the mining industry in West Kootenay and other districts is chiefly responsible for this increase. Probate has increased to \$30,000; succession duty \$200,000.

"The estimate for registry fees has risen from \$350,000 in 1911-12 to \$500,000. It should be explained, however, in connection with this figure that the fees under the Joint Stock Companies Act have been for the first time separated in the estimates from registry fees; \$165,000 should therefore be added to \$500,000, giving a total of \$665,000 estimated this year—i.e., an increase of \$315,000 over the estimate of 1911-12.

"The actual receipts under this heading in the public accounts of 1910-11 were more than \$613,000, and as the activity in real estate transactions shows no signs of abating, the great increase in the figures of this year may even be regarded as a conservative estimate.

REVENUE TAX

"The increase in the revenue tax, \$300,000, as compared with \$250,000, is accounted for partly by the increasing population of the Province.

"The estimate for the personal property tax and the income tax (for the purpose of calculation they may be taken together as being alternative taxes) is \$400,000, as against \$360,000 in 1911-12. Here, again, increase of population and of wealth are jointly responsible for the increased estimate.

"There is a notable increase in the estimate for land taxes (i. e., wild, coal and timber lands) over last year, the figure \$450,000 replacing \$250,000, the public accounts for 1910-11 showing an actual receipt of \$316,000 under this head. The enhanced value of land as well as a slight advance in assessments are responsible for this difference.

"The figures for mineral tax and for unworked Crown granted mineral claims show no change.

"The royalty and tax on coal are expected to reach \$250,000. It will be within the knowledge of every member of this House that the prolonged strike of last year must show a serious shortage of

revenue over estimates for the financial year 1911-12, when the public accounts of that year are published. The figures for 1910-11 were \$240,000.

The figures under the Chinese Restriction act, \$500,000, are intentionally based on the lowest possible estimate consistent with probable immigration from that quarter. I have already given reasons for confining the estimate for this (apparently disproportionately) low figure, and will not trouble the House by dwelling on the subject at this juncture.

"Various other revenues have increased in proportion to the growth of our people and our wealth.

"It will be observed that water records and rentals have been given a place on the estimate sheet for the purpose of accounting.

ESTIMATED EXPENDITURE, \$16,270,000

"I now turn to the expenditure side, and, after what I have ventured already to say with regard to the development of the Province, members of the House will not be startled with the magnitude of the figures which I have to handle.

"Service I. The Public Debt—It will be clear, from a careful inspection of the accounts, that the sinking fund and interest are well provided for, and there is ample provision made to meet the debt as it matures.

Service II. Civil Service Salaries—The amount required will reach almost \$900,000. This shows an apparent decrease from the vote of last year, which decrease, however, is easily explained. The staff of the mental hospital, other than the graded officials, have been transferred to the maintenance vote under Service V., while the salaries in the Surveyor-General's Department have been temporarily withdrawn from the operation of the Public Service Act, and are transferred to Service XIII. There has been a slight rise in salaries in all departments.

"Service III. Administration of Justice—The salaries connected with the Provincial Jail have been increased owing to the jail at Nanaimo having been opened and provided for in the estimates.

"Service IV. Legislation—The salaries for legislation remain practically the same.

Service V. Public Institutions and Maintenance—Maintenance has been increased by \$200,000 in addition to what I have said above with regard to the transfer from the Civil Service estimates of the salaries of the staff of the mental hospital. There has been a small increase in the administration of fisheries. An increase of \$150,000

for the Colony Farm at Coquitlam, and \$45,000 increase for the mental hospitals at New Westminster and Vernon have also been provided.

"The vote of maintenance for the Provincial Museum is meant to enable that department to make collections of 'heads' for exhibition purposes for the Agent-General's Office in London and also for Government House.

"Service VI. Hospitals and Charities—This vote is almost the same; a grant of \$25,000 for advanced cases of tuberculosis having been added conditionally.

"Service VII. Administration of Justice (other than salaries)—This vote has been increased, owing again to the growth of population, by about \$90,000.

"Service VIII. Education—This vote has been increased very substantially by about \$130,000. Among the chief items is the per capita grant to city, municipality and rural districts, the increase under this head being \$100,000.

"Service IX. Transport—This vote has been increased by upwards of \$20,000 to meet the ordinary requirements for travelling expenses of officers on duty.

"Service XI. Collection of Revenue—This vote remains the same as last year.

PUBLIC WORKS

Service XII. I venture to think, sir, that members of this House, from their intimate knowledge of the needs of the Province for rapid development, will not be surprised to hear that the estimate for public works is greater than that called for at a corresponding period last year, \$5,000,000 being set aside for estimated roads, streets, bridges and wharves and \$3,000,000 for works and buildings.

"We have, first of all, set aside \$100,000 for the development of Strathcona Park. This park, sir, containing no less than 240 square miles, consists of a region of intense interest to the botanist, the mineralogist, the prospector and to the public at large, will include a road stretching from east to west and connected with the main island highway.

TRANSPROVINCIAL ROAD

"We have appropriated \$75,000 for the building of the trans-provincial road; but it is confidently expected that the Dominion Government will contribute materially to its cost and to the construction and maintenance of all Provincial highways. Indeed, a bill to that effect is now before the Federal House.

"This road will stretch from Vancouver eastward to Hope, Princeton, Rossland and Trail—hence, by a new steel bridge already under construction at Trail over the Columbia River, it will traverse the old Dewdney Road to the boundary of Alberta. The survey of this road has already been completed.

"We then come to the item of \$75,000 for the building of the magnificent road from Castle Mountain to the Columbia Valley through Vermillion Pass, Kootenay River and Sinclair Pass, touching on the route the celebrated Hot Springs. This road, as most members of the House already know, provides communication from Calgary and Banff right through the heart of the mountain scenery to the Columbia Valley. Towards its construction the Canadian Pacific is prepared to contribute a substantial sum. It is confidently expected that this road will not only be built, but completed this year.

"With regard to general road building, the comprehensive scheme followed in the Department of Public Works provides a complete linking up of roads through the Province and also a standard road bed.

NEW BUILDINGS

"The estimate for new buildings, including repairs, furniture, etc., in various parts of the Province, is set down as \$3,000,000. Included in this amount are: \$300,000 for additions to the new Parliament Buildings, \$200,000 for the new wing of Vancouver Courthouse, and \$225,000 for the prison farm building at Burnaby; \$67,000 is required for the new wing and completion of the old wing of the Provincial Home, \$500,000 is appropriated for beginning the work of building the Provincial University, \$550,000 for the work in connection with public schools throughout the Province, \$50,000 is set aside for the protection of the river banks, and \$70,000 for repairs to existing Government buildings and small Government buildings throughout the Province; \$60,000 for general road location, and \$80,000 for the development of Point Grey; \$140,000 is put down for improved road machinery; while \$50,000 only is set aside for wharves, the sum being less than that estimated for last year, but it is to be expected that the Dominion Government will contribute towards this outlay, as development of wharves is part of the duty of the Dominion Government, which has control of all navigable waters.

"One million dollars has been set aside for bridge building, including a revote of \$400,000 towards the bridging of Second Narrows, conditionally that the bridge shall be free of tolls for vehicular and pedestrian traffic, and shall be subject to such tolls for railways as may be deemed fair by the Lieutenant-Governor-in-Council.

"Various items have been placed on the estimates as subsidies for steamboats, ferries and bridges, which show a marked increase on those of last year—an increase due, of course, to the growth of population and trade.

"The substantial sum of \$150,000 for public works generally is intended to meet unforeseen requirements.

"Service XIII. Miscellaneous—Among other important items under the vote I may mention \$10,000 for the Aged Women's Home in Victoria, \$1,000 for the Boy Scouts throughout the Province, \$10,000 for the Protective Home for Girls in Vancouver, \$7,000 for the Young Women's Christian Association in Victoria, while other grants remain practically the same as last year.

"Within the sphere of the Education Department the substantial sum of \$135,000 is set aside for building a Normal School in Victoria.

"In matters controlled by the Agricultural Department there is a considerable increase for various items.

"Within the sphere of the Department of Lands substantial provisions for the water rights branch, forest branch, surveyor's department and lands branch.

"There is a provision of \$25,000 for Royal Commissions, while several additions are made to the superannuation votes.

SUPPLEMENTARY VOTES

"The supplementary estimates, of course, are for the completion of the current financial year, ending March 31, 1912.

"I am pleased to be able to state that they are lower by nearly \$300,000 than those of the previous financial year.

AGRICULTURE IN 1911

"Our produce in 1910 was valued at \$14,399,090; while, on the other hand, the value of the imported produce from other provinces in the Dominion and from the United States was \$14,962,904. The people of British Columbia were, therefore, dependent for a little more than 50 per cent. of their food-stuffs on imported produce.

"In 1911 the figures were \$20,837,893 of home products, against \$14,709,854 of imports. The former, therefore, outstripped the latter by more than \$6,000,000, the percentage being 58.6 to 41.4. If the population had remained stationary, this increased percentage would have been even higher.

AGRICULTURAL DEPARTMENT

"But who, sir, would be so bold as to maintain that agriculture has not made great strides in our Province?

"Take the personnel of the Agricultural Department as a test. In 1908 there were eight officials; in 1912 there are 24 permanent officials, and there is provision in the estimates of 1912-13 for 29 members, which are forced on us by the work to be done; while, to prove that that staff has not been idle it may be noted that during the year 1911-12, 772 letters have been received and 34,448 letters have been written.

FRUIT CROPS

"1911 was an off year for fruit, the 1910 crop being a bumper crop. The 1911 crop did not amount to 50 per cent. of the produce of 1910, a thousand car loads being exported in that year, against less than 500 in 1911. Present indications point to record crops in 1912, given even moderate climatic conditions.

"It is well known that fruit culture requires a certain number of years for complete bearing, so that the fact of the vastly increased acreage under cultivation, together with the lapse of time after planting, will cause the output to increase by something like geometrical progression in future years.

"A tree which will produce only half a box in the fifth year after planting will yield one and a half in the sixth, and perhaps four or even five in the seventh.

DAIRYING

"This profitable branch of farming has not developed as might have been expected, the causes of check being the high price of labour, the high cost of foodstuffs, and the fact that many dairy farms have been acquired by investors and subdivided as suburban property.

STOCK RAISING

"There is a gratifying improvement in the quality of stock. Farmers are beginning to realize that it costs no more to keep pure-bred animals than "scrub." Some of the larger ranches which raised stock in the past have been subdivided for vegetable or fruit farms, but I believe the time will soon come when each man on each farm will raise, not only enough stock for himself, but also a surplus stock, thus bringing a large amount of trade.

POULTRY FARMING

"The increase in poultry farming has been the outstanding feature of the year. There has been, indeed, a phenomenally forward movement. I may perhaps be permitted to point to the success of the egg-collecting system in the Cowichan Creamery as a striking illustration of the great work which co-operation may do in the future in improving farming prospects generally.

TOBACCO GROWING

"This industry has been successfully established both at Kelowna and elsewhere, and the department, who have secured the services of a tobacco-growing expert, have no doubt that the acreage under cultivation for this purpose will be in future years increased.

APICULTURE

"The culture of bees has taken firm hold on the Province, but, like tobacco-growing, is a kind of industry which requires the educative stimulus of scientific experts from the department. This stimulus has been accorded with gratifying results.

HORTICULTURE

"This is one of the largest sections of the department, requiring the services of five trained officials in different parts of the Province.

"And here, sir, may I venture to express my belief that there is no educational work in any Government department in the Dominion so thorough and effective as that of British Columbia.

PACKING SCHOOLS

"Take, for instance, the packing schools. Nothing has done more for fruit growing than these; nothing has been more appreciated by fruit farmers themselves. As an illustration it may be remarked that in 1911 seventy-five per cent. of all the fruit packed for commercial purposes came from packing school pupils.

DEMONSTRATION ORCHARDS

"During the past year thirteen demonstration orchards, consisting of five acres each, and conducted under an agreement between the Department of Agriculture and the owner, have been inaugurated.

"These will undoubtedly prove of great value to the incoming settler who may be unacquainted with local conditions and methods or orchard practice.

"By this means, information will be available as to the correct commercial varieties to plant and the proper cultural operations which should be conducted in order to ensure the best results.

"This work will be extended as may be deemed advisable.

EXPERIMENTAL TREES

"Valuable educational work has also been done with regard to the distribution of experimental trees, and fruit farmers have gradually learnt how important are the accumulated effects of correct methods of fruit culture from the very start.

IRRIGATION

"All members of this House will be aware of the immense importance to fruit culture of scientific methods of irrigation. The Government have been fortunate in securing the eminent services of Professor Etcheverry, of the University of California, who has prepared a bulletin on irrigation methods and application of water, which is about to be published.

FRUIT INSPECTION

"I should be doing scant justice to this subject if I were to omit a brief reference to the value of the protective work done last year by the fruit inspection branch of the department.

"British Columbia, in fact, possesses an up-to-date system of inspection, which will compare favourably with any other in the world.

"With the headquarters of the inspector of pests in Vancouver, and with twenty quarantine offices from the north of the Province to the boundary, every imported tree has been inspected, every box of fruit watched, and, to prove that the system is rigorous, there have been immense quantities of infected nursery stock and fruit cremated during the year.

DEMONSTRATION SPRAYING

"The demonstration spraying has had good effects, the department having established spraying power outfits in different fruit-producing centres in the Province.

LIVE STOCK BRANCH

"Perhaps, however, the most vitally important preventive work of all has been done in the fight against bovine tuberculosis.

"It is gratifying to observe that the majority of farmers have seen the importance of supplying pure milk, and have co-operated with the department in consenting to have their herds tested by our inspectors.

"I may add that I have a bill before the House so framed as to include compulsory inspection.

ROYAL COMMISSION ON AGRICULTURE

"And here, sir, I take the opportunity to make the announcement that a Royal Commission will be appointed shortly to investigate the conditions of agriculture and irrigation and of all that pertains to the welfare of agriculture generally.

STATISTICAL BRANCH

"The returns for 1911 will be published for the information of the public in a few months' time.

FARMERS' INSTITUTES

"There has been a most encouraging growth in farmers' institutes in the past year, there being now 65, with a membership of about 6,500, institutes being found as far north as the Upper Skeena and southwards to East Kootenay and the Boundary.

WOMEN'S INSTITUTES

"This movement is spreading rapidly and has for its object the improvement of home life in the rural districts and the conditions under which women live. An advisory board of four women from different parts of the Province has been appointed to advise the department on matters relating to women in home work. Lectures and demonstrations by prominent experts have been conducted during the past year in the ordinary spring and fall meetings of the institutes.

EXHIBITIONS AND PUBLICITY WORK

"Not the less important movement has been shown in exhibition work through the Provinces of Ontario, Manitoba, Saskatchewan and Alberta, and there is no doubt that these exhibitions have been largely the means of attracting many settlers to our Province. Perhaps the most gratifying advertisement that the Province could have won, and that by sheer merit, has been the capture of the Stillwell Trophy, \$1,000, offered at New York for the best collection of potatoes grown on the continent of America, after a struggle against 66 competitors from all the states of the Union and the Provinces of the Dominion—perhaps the greatest triumph ever gained agriculturally by British Columbia, and destined to have a far-reaching effect on the settlement of the Province.

"The department are considering the advisability of exhibitions in Great Britain, as in the past.

CINEMATOGRAPH

"The success of this plan for advertisement purposes can hardly be exaggerated, and will probably be considerably extended in different countries in different years.

"I may conclude by saying that the farmers of the Province have realized more and more during 1911 that the Department of Agriculture is a real live factor in the progress of the industry, and will have a lasting scientific effect on agricultural methods generally.

TIMBER INDUSTRY

"With the report of the Forestry Commission and the epoch-making speech of my colleague the Minister of Lands still fresh in the minds of members of this House, it would be superfluous for me

to dwell long this afternoon on the present condition of timber lands and of the lumber industry. The exposition of the Hon. W. R. Ross on January 23 will, I venture to think, be preserved as a classic in the annals of this House, setting forth, as it does, with admirable lucidity, not only the results of his own private judgment, but also the deliberate policy of the present Government.

"I may add that the total forest revenue for the past fiscal year amounted to \$2,636,186.

LUMBER TRADE

"Sir, I ventured to predict in my last Budget speech that 1911 would prove a prosperous year in the lumber trade.

"My forecast was correct. The steadiness of the lumber market enabled the mills to operate during the entire year, though some of those in the interior curtailed their output during the months of November and December on account of the American mills dumping their surplus cut on the markets of the northwest at less than cost price.

"According to the returns made to the chief timber inspector, the lumber cut for 1911 was as follows:—

	Feet.
Logs officially scaled, west of Coast range	619,000,000
Cut from Esquimalt and Nanaimo Railway lands ..	144,000,000
Logs officially scaled east of Coast range	297,000,000

Total	1,060,000,000
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Of this amount:

	Feet.
Total manufactured into lumber	1,013,000,000
Total exported	47,000,000

"The royalty collections for 1911 exceeded those of 1910 by no less than \$50,734.

"The causes of this better return may be summed up as follows:

"(1) The crops in the prairie provinces compared favourably with those in 1910.

"(2) The record number of incoming settlers increased the demand for dwelling and other houses.

"(3) The checks on the dumping from the United States effected by the enforcement of the custom regulations by the new Government at Ottawa will prevent the importation of other than real rough timber.

"(4) The lesson taught by the prolonged shutting down of mills in the United States has produced a lasting effect.

"I look forward, therefore, sir, to a still greater stimulus in the lumber trade of 1912, especially as there will be a larger amount demanded provincially owing to our development.

SUPPLY OF PULPWOOD

"It may perhaps be added that the supply of pulpwood in the Eastern United States has been hopelessly insufficient for the present needs of their people, and that they already import one quarter of the whole raw material for their paper mills from Canada, and that we are also exporting to them \$4,000,000 worth of manufactured pulp for the paper mills of the Eastern States.

"I look forward, Mr. Speaker, to a rapid growth in that industry. I may be permitted to add, before passing from this subject, that the completion of the Panama Canal in eighteen months time cannot but have enormous influence in the development of our lumbering trade. It can hardly fail, in fact, to become by far the most profitable of our staple industries.

"The cheaper freight rates which will necessarily accompany the opening of the canal must give an unprecedented stimulus, and will at the same time prevent a recurrence of periods of depression.

"As my colleague, the Minister of *Marine and Fisheries*, has already pointed out, with an easy means of communication secured to us by water as well as by land, the depletion of the world's timber in other regions cannot fail to make the timber output of our forest lands a most permanent source of revenue for generations to come.

"This Province more than two years ago outstripped Quebec in the production of lumber, while in 1910 her output was on a par with that of Ontario. It does not require the eye of a prophet to see that, with a vast proportion of her virgin forests still untouched, she will, in proportion to her size, take a prominent place within a year or two among the greatest timber producing countries in the world.

PAPER MAKING INDUSTRIES

"In order to bring about this end, and to encourage the establishment of the paper making industry in the Province, the Government granted in 1901 twenty-one year leases of pulpwood forests to companies on liberal terms. In 1903 the law granting pulp leases was repealed. The annual rental now paid under these leases is, as the House knows, two cents per acre and a royalty of twenty-five cents per cord of pulpwood cut. Four companies are now either erecting or operating plants. The British Canadian Wood Pulp and Paper Company, the Swanson Bay Forests Wood Pulp and Lumber Mills, the Ocean Falls Company, Bella Coola, and the Powell River

Paper Company. As a proof of the prosperity of the industry, the last-named company is filled up with orders for all the paper and pulp which it can produce.

"I may be permitted to add, perhaps, one more word about the pulp trade.

"The legislation of 1901 relating to the encouragement of the pulpwood and paper making industries gave the first impulse to what will one day be the greatest trade of British Columbia.

"I believe that the mills of Powell River, Swanson Bay, Howe Sound and those of the British Columbia Wood Pulp and Paper Company, vast as they are, are but the pioneers of an enterprise which will fling its tentacles all over the world.

"Moreover, sir, as I said in the House in my introduction of the Land Bill two years ago, we have in this Province a combination of the three factors which together insure the prosperity of the pulp and paper trade—factors without which the industry can nowhere be successfully maintained. These three factors are: (1) Cheap water power, (2) cheap timber, (3) cheap transportation in close juxtaposition. Washington, Oregon and California have the two last, but they lack that most essential factor—cheap water power.

"My conviction is, therefore, that we can always compete successfully against other producing countries in capturing the pulp trade.

MINING DEVELOPMENT

"I regret that it is not within my power to furnish to the House the same satisfactory report on the mining industry that was possible last year.

"The cause is within the knowledge of every member of this House. Fortunately, it is a cause of only temporary significance, a cause which has already been removed, and which I am sure I am expressing the sentiments of every one here when I say—a cause which should never recur.

"I allude, of course, to the strike in the Crow's Nest Company's mines at Fernie.

"My colleague the Premier expressed his hope that before long some machinery would be found which would operate successfully and without injustice to any, by which such deplorable industrial disturbances may in future be avoided.

"I echo that hope, and should like to add my personal belief that not only could such machinery be found, but that it ought to operate more quickly and more effectively than the arbitration board, which carried on their protracted sessions with little success for so many months of last year.

"The Premier has already explained to this House how the strike in the Crow's Nest Coal Mines has had an effect also in diminishing seriously the output of the metalliferous as well as of the coal mines themselves.

"The estimated shrinkage in value is about \$950,000 in gold, \$270,000 in silver, \$270,000 in lead, and \$65,000 in zinc. There has been, however, a rise of \$18,500 in the returns for copper, principally due to the fine output in the coast district mines.

"The output of coal was, for the reasons above given, less than in 1910 by 365,000 tons, and the output of coke was about 40,000 less than in 1910.

"The sympathy of the House and of the Government went, at, I am sure, to the families of those who were sufferers in the strike.

"Moreover, the evil was far from being confined to the district where the trouble arose. In shutting off their own work the strikers caused the shutting down of the mines in the Conway district, and made the whole industry depressed. For instance, it cut off the supply of coke for the Granby Company's furnaces.

"Fortunately, sir, there is a brighter side to the picture. With regard to the output in silver and zinc, the Provincial mineralogist informs me that one of the chief causes of the depression has been the destruction of the Kaslo and Slocan Railway, and that there is no room for doubt that there will be a recovery in all departments of the mining industry in the year on which we have entered.

"If proof indeed be needed that the mining industry is increasing substantially and rapidly, I may mention that the aggregate value for the fifty years from 1852 to 1901 amounted to about 170 millions of dollars, while the value for the ten years 1902-1911 reach nearly 225 millions of dollars. I would draw the attention of the House to the immense area of the newly-discovered coal fields of the Skeena River.

SKEENA RIVER COAL FIELDS

"The extent of this extraordinary field is at least 2,000 square miles, and the Provincial mineralogist calculates that, taking even the possibilities of only one particular company, the Western Development Company, with its three seams of 6, 4 and 8 feet thick respectively, and with its area of 16 square miles, we have the enormous amount from this company alone of 34 million tons of coal, which is calculated to last one hundred years with the output of one thousand tons a day.

"These fields are at present reached by trails, but there are three possible railway routes in the future—the shortest being about 150,

and the longest about 300 miles long, which before long will doubtless link up this enormous wealth of natural resources for the benefit of the fortunate people of British Columbia.

"This coal is of an anthracite quality, such as does not exist elsewhere in America except in Pennsylvania.

"There are also other undeveloped coal fields in the Peace River country awaiting railway facilities for their development; but figures connected with them would assume so stupendous a character that I should be afraid to use them.

"I cannot pass away from this subject without alluding to the importance of the mineralogical and geological work which has been carried on in this department by the Bureau of Mines of our Province and by the Geological Survey of Canada.

"If, as I have already pointed out, the prospects of agriculture can only be placed on a firm and prosperous basis by its being brought into touch with the latest scientific discoveries and appliances through a department of agriculture, such a dictum becomes more indisputable when applied to mineral and coal deposits, which nature has so prodigally lavished on us in this Province, but which only yield themselves up to those whose expert knowledge can alone point the way to the hidden treasures which lie buried in her soil.

"And I look forward to the time, Mr. Speaker, when the researches of experts and the improved means of communication will provide us with the opportunity of working a sufficiently payable amount of magnetite iron ore as will enable iron blast furnaces to be operated in this Province, and bring about a successful development of iron mining to add one more item to the established mineral wealth of our Province."

Here the Minister of Finance gave the figures of mineral production for the year 1911, which amounted to \$23,211,316, showing a net decrease of \$3,165,250, accountable for as explained in previous remarks, by the strike in the Crow's Nest coal mines.

FISHERIES

"A new and gratifying feature connected with the salmon fisheries of the Province is observable this year.

"It is well known to the members of this House that the phenomenal runs of salmon take place only every fourth season, and that, as 1909 was the last golden year, we cannot look forward to another remarkable season till 1913. 1911 was, therefore, an off year, but, in spite of that fact, the pack brought in a total amount of nearly \$6,000,000, as against a little more than \$4,000,000 in 1910.

"This gratifying figure is due to the fact that, whereas in days gone by the 'sockeye' was regarded as the chief and favourite species for exportation, there has been an increased demand for all kinds of salmon, including the despised 'humpback.' This demand came from all parts of the world, and arises from the fact that fish-food is more and more coming into universal favour as an article of diet.

"As a proof of this, I may point to the fact that this industry in British Columbia has attracted the notice of British investors, and that two large firms, backed by one and a quarter millions and one million capital, respectively, have been organized and the situation, therefore, is not only sound, but extremely promising.

"I may add that the total value of the fisheries of 1911, including halibut, herring, and all food-fishes, as well as oil-bearing fishes, will reach a total of \$10,000,000-\$12,000,000—say, \$11,000,00.

RAILWAY CONSTRUCTION

"The year 1911 has witnessed more than 300 miles of railway construction in the Province, giving employment to several thousands of men, a large proportion being engaged on the Canadian Northern Railway between Kamloops and Port Mann, while expenditure in material and wages has reached a very large amount. During the year the Canadian Pacific Railway began the construction of the Burrard Inlet and Indian River branch, while the yards established at Coquitlam will be worthy, in extent of trackage and expenditure, to rank with any in the Dominion.

"The opening of the Esquimalt and Nanaimo Railway to Alberni will doubtless result in the exploration of the timber and mineral wealth of the southern part of Vancouver Island, while the further extension to Hardy Bay and Duncan Bay, respectively, will further open up the natural resources of the Province.

"The construction line of the G. T. P. has moved from Prince Rupert up the Skeena River, and the contract has been already signed for the final section between the Bulkley River and Tete Jaune Cache.

"The Great Northern has been working towards the completion of the V. V. and Eastern road, having advanced as far as Coal-mountain, while the Kettle Valley Railway has pushed within measurable distance of Penticton, which town will, it is expected, be reached in the time specified.

"It is claimed that the three great transcontinental railways will spend \$100,000,000 during the coming year in Western Canada.

"In connection with this subject, the House will not expect me to make more than a brief reference to the great railway policy of

the Government as embodied in the five bills now before the Legislature and elucidated in the stately and eloquent utterances of the Premier on Tuesday and Wednesday last.

"What effect these measures if they pass into law, will have on the fortunes and development of the Province baffles calculation. Time alone, the arbiter of all things, will prove.

"What concerns me most, as a Finance Minister, is the bill providing for the repurchase of certain railway subsidy lands, the reconstruction of the Kaslo and Slocan Railway line by the Canadian Pacific and the repayment to the Province of about \$380,000 for their guarantee of the Shuswap and Okanagan Railway in the past.

"For some years it has been difficult to administer the Department of Lands in the railway blocks of the British Columbia Southern and Columbia and Western Railways.

"The Government have felt the importance to the Province of securing the return of these subsidy lands, having regard, among other difficulties, to the complications occasioned to people attempting to enter on the lands by the reservation of mineral rights.

"The railway company, on the other hand, owing to these complications, have found it difficult to deal with the subsidy lands at all.

"Financially, the matter stands thus: The Province gets a repayment of (about) \$380,000 advanced on account of the Shuswap and Okanagan guarantee; they pay out, on the other hand, a sum of \$100,000 to the company towards the rebuilding on standard gauge of the Kaslo and Slocan Railway, and they forego unpaid taxes to the extent of \$250,000.

"The Canadian Pacific Railway, therefore, pay the Government a net balance of \$37,000 on the deal.

"For the four million and fifty-seven thousand acres of land regained by the Province, the Government will, after subtracting the half interest of Mr. Heinze on 615,000 acres in the Columbia and Western Railway block, pay a sum of something less than one million five hundred thousand dollars, but they will regain control of a vast territory, which will bring in the settler and the mining prospector alike, undeterred by any possible litigation as to the true title under which they may hold their lands, while the reconstruction of the Kaslo and Slocan Railway, which the Canadian Pacific Railway have guaranteed up to an expenditure of \$400,000, will invest that rich and fertile region with indefinitely great possibilities of development.

"I foresee, therefore, for all concerned, Mr. Speaker, and for the Province at large, a bright future in store.

TRAMWAYS

"Wonderful development has taken place in the tramcar system in the cities of Victoria, Vancouver and New Westminster. The electric car, in fact, has proved itself in 1911, as heretofore in this Province, the pioneer of settlement, and has anticipated, instead of following in the wake of population, setting an example of progressive policy which older countries might envy and would do well to emulate.

"The close of the year has seen the establishment of the Jordan River power station, while on the mainland the line of the British Columbia Electric Railway has been extended from Vancouver to Burnaby and from New Westminster to Fraser Mills and Chilliwack.

MARINE CONSTRUCTION

"Trade with Australia and New Zealand has grown to greater proportions during the year, as is the case with transpacific lines, so that the Canadian Pacific has announced its policy of building two new vessels for that trade route, while three new steamers have been added to the fleet of the same line for the coast trade of British Columbia.

PORT DUES

"That the trade of the ports of Victoria and Vancouver is growing by leaps and bounds is eloquently proved by the amount of customs duty collected during the year. Exclusive of the startling increase in the Chinese head tax, the imports collections show a total of \$1,902,595 in 1911, against \$1,412,544 in 1910, an increase of about 35 per cent.

PANAMA CANAL

"Perhaps I may venture to add in connection with this subject of marine construction that the beginning of the year 1912 finds us on the threshold of what may possibly prove one of the greatest revolutions in history as regards the movement of trading centres.

"A Finance Minister should, above all men, be cautious in venturing prophecy. It may be, or it may not be, possible to exaggerate the importance to British Columbia and to the commercial and political world generally, of the opening of the Panama Canal eighteen months from the close of the year of which I have presented the House with a review.

"But the completion of that gigantic enterprise, due to American genius and energy, cannot fail to have stupendous effects on the commercial future of the Pacific Coast, and not least on British Columbia.

"I can assure the House that this Government is fully alive to the vast consequences involved, and will do their best to see that this Province pushes forward to meet more than half-way whatever issues, commercial and political, the changed situation may create and have in store—under the directing influence of the Dominion Government and the far-reaching shadow of the Union Jack.

INVESTMENT IN LAND

The activity during the year 1911 in private investments in British Columbia both in farming areas and in city properties has been a marked feature of the past year, as is proved by the returns of the Land Registry Office.

"I venture to forecast that when the public accounts for the year ending March 31, 1912, are published, the actual receipts will as greatly exceed the sum estimated, \$350,000, as did the estimate, \$250,000, fall short of the actual revenue, \$613,000, obtained from this source for the year ending March 31, 1911.

EXPANSION OF TRADE

"I may conclude my financial statement by collecting in comparative tables the estimated value of home production in the five greatest industries of the Province in 1910 and 1911 respectively, though it is right to say that the authorities at Ottawa report that the exact returns in the case of manufactures for 1911 are not yet available. The figures in that case, therefore, must be taken as one of rough estimate only.

	1910	1911
Manufactures	\$35,000,000	\$45,000,000
Mining	26,183,505	23,211,816
Timber	17,160,000	24,823,000
Agriculture	14,399,090	20,837,893
Fisheries	8,000,000	11 000,000
	\$100,742,595	\$124,872,709

"It will be seen that the advance in agriculture is marked.

CENSUS

"Mr. Speaker, the census returns which have recently reached us from Ottawa tell their own eloquent tale of the extraordinary expansion in population which British Columbia has enjoyed between 1901 and 1911.

"In 1901 it was only 178,657.

"In 1911 it was 380,787.

"As a matter of dry statistics, sir, this means an increase in ten years of more than 113 per cent.

EDUCATION

"The educational system of the Province has shown gratifying signs of progress during the year 1911.

"The public schools have been continually supplemented and enlarged to keep pace with the growing settlement of the Province.

"Great public interest was shown in the meetings of the Public School Trustees Association and other conferences during the course of this year.

"The Minister of Education has repeatedly announced the intention of the Government to push forward with the greatest possible despatch the plans for the opening of the new University, and has declared his determination to inaugurate University classes in the autumn of 1913.

"It will be gratifying to this House to feel assured that the highest educational needs of our Province will be supplied within a brief period with a generosity and completeness ensuring forever that students who aspire to the highest culture in all branches of useful human knowledge, in mechanics, in agriculture, in all the arts and sciences, will be able to achieve that culture without being obliged to travel beyond the bounds of the Province.

"Sir, I submit that anyone who takes up the public accounts for the year ending March 31, 1911, and turns to the tables to be found on pages 21 and 23 therein, will discover an array of figures following each other in such an increasing ratio for a quarter of a century that they become for us no longer bare numbers, but figures which live, figures which tell eloquently in a short compass the history of this Province, from the day of small things to the era of constantly increasing wealth and development which we enjoy today.

"It seems, if not certain, at all events within the bounds of political prophecy, that the centre of the world's traffic will shift to the Western shore of the American continent.

"Many cities on this continent will be competitors for becoming the world's emporia—cities of vast population, great enterprise and congenial climates—all of them likely to attract the over-seas products of the world.

MILEAGE THE DETERMINING FACTOR

"But it must never be forgotten that mileage will tell more than all else in this competition, and we in British Columbia live at a latitude where the globe of the world shrinks to shorter distance between East and West than at San Francisco and the cities nearer the Equator. Passengers always, and freight generally, will make for the shortest route.

"Now, the distance from Yokonama to Vancouver is, in round figures, 4,300 miles.

"The distance from Yokohama to San Francisco is, in round figures, 4,700 miles.

"The distance from Vancouver to Hongkong is, in round figures, 5,800 miles.

"The distance from San Francisco to Hongkong is, in round figures, 6,200 miles.

THE WEST COAST CITIES

"I submit, Mr. Speaker, that the West Coast cities of this Province are the cities which by geographical position, by climate, by natural wealth, by free institutions, seem marked out as the most obvious and attractive ports of call between East and West.

"Our harbours should draw more and more the ships from the Orient, and, in the near future, the ships from the Mediterranean Sea and German Ocean, to pour some at least of the world's cargoes into our shores, and to take from us in return our gathered stores of fish and of minerals, of timber and of coal, of wheat and of fruit.

"Between now and July, 1913, our clear duty is to spend men and money in undertaking and completing works of industrial and engineering enterprise as will fit the need.

"By enlarging our harbours, by extending our facilities by road and rail, we shall entice into our waters not only the combined wealth of Japan and of China—that great country, which, after a sleep of thousands of years, is now in the throes of struggle to awaken to constitutional liberty—not only these, sir, but also the greater water-borne commerce from European markets—gathering into our bosom at once the poured-out treasures of the Eastern and Western hemispheres.

"Finally, let us hold out hands of welcome across the dividing seas, soon to be divided no more, to our brother-traders in the Motherland, bidding their stately fleets or mercantile marine into our harbours, made vast and commodious enough to contain all that

they have to bring, so that 'our houses may be full and plenteous with all manner of store—and that there may be no complaining in our streets.'

'By quick and generous outlay on the widening of our entrance gates, and on the opening out of that vast, unfathomed wealth which still lies buried in rich rock and fertile soil, it will be, I doubt not, in the power of a 'wise and understanding people' to turn to their shores within the next few years many of the shifting currents of the world's commercial stream.

"This, if we do, we shall be adding stone to stone in the great work of nation-building which those who have gone before us founded so firmly, and when they passed away, preserved to us, their successors, in sacred trust to continue and to complete.

"This, if we do, we shall prove ourselves the true sons of our fathers who begat us, no unworthy citizens of this ever-growing Province, wise and profitable partakers of our splendid inheritance.